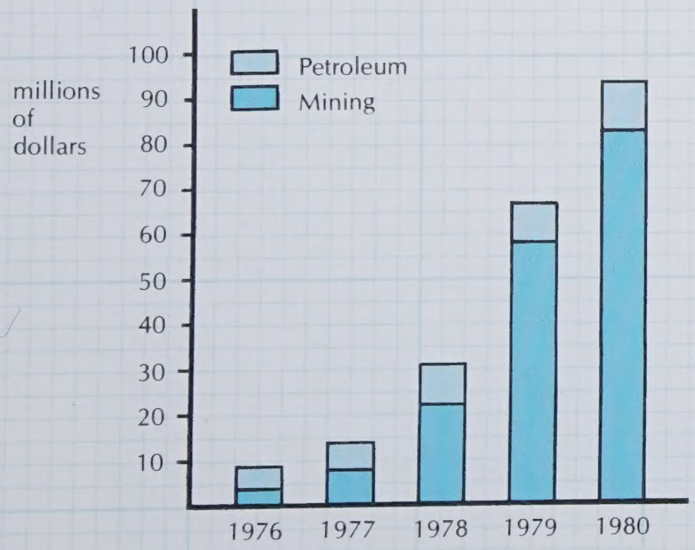
TECK

Larry Pile

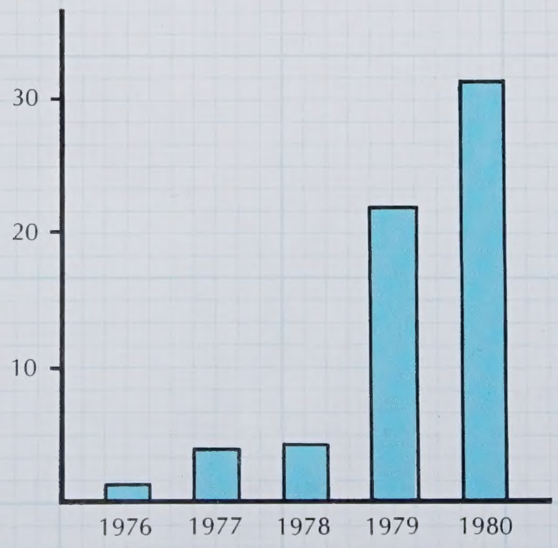
ANNUAL REPORT TECK CORPORATION 1980

CONTENTS

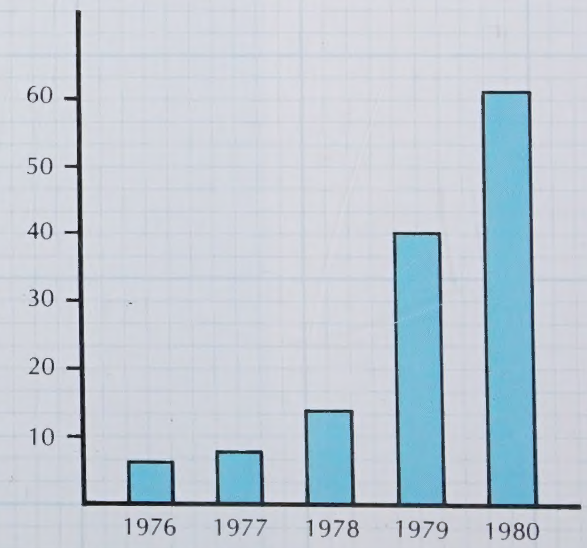
Afton Smelter showing Top Blown Rotary Converter vessel.



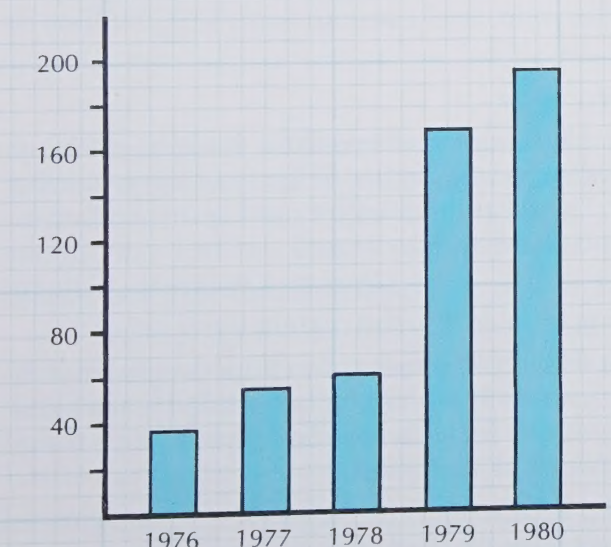
OPERATING PROFITS have increased from $9.4 million to $99.7 million in five years, with petroleum up from $5.1 to $11.2 million and mining up from $4.3 to $82.5 million.



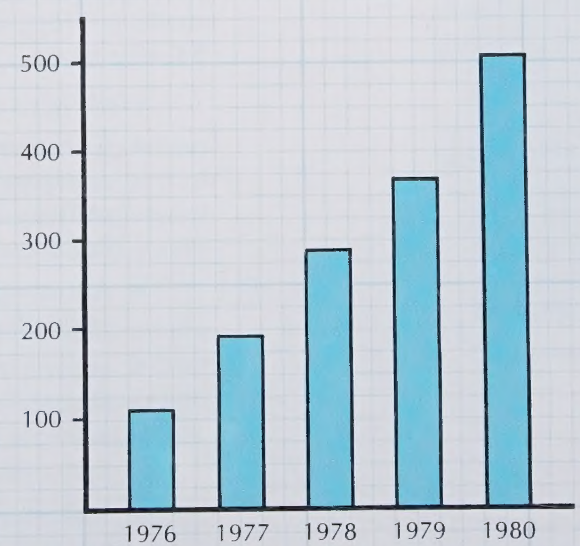
ORDINARY EARNINGS increased steadily from $1.8 million to $31.8 million over the last five years, primarily as a result of Teck's mine development programme.



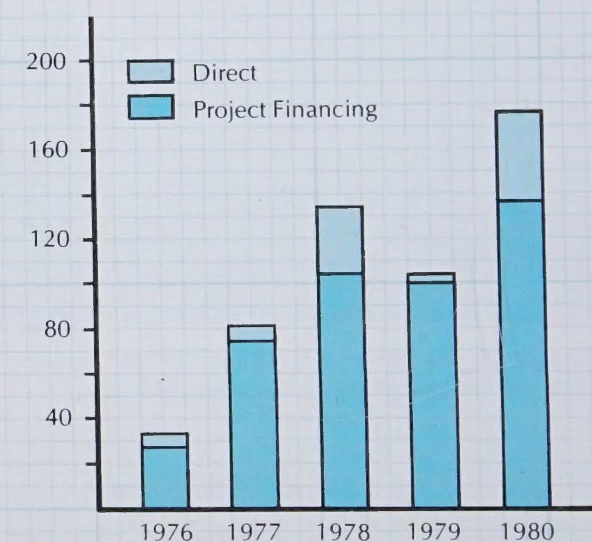
CASH FLOW increased from $6 million to $61 million in the last five years, and should continue to grow as Teck brings on new production centres.



SHAREHOLDER EQUITY grew from $38 million to $197 million in the last five years, an average compounded growth rate of 51%.



TOTAL ASSETS grew from $109 million in 1976 to $503 million as of September 30, 1980.



LONGTERM DEBT was $179 million in 1980, up from $34 million in 1976. This includes $138 million of project debt, secured primarily by development projects, and $41 million of corporate debt.

Blister copper from the Afton smelter. In its first two years Afton produced 116,000,000 pounds of copper, 103,000 ounces of gold and 600,000 ounces of silver

Report to the Shareholders

It is a pleasure to submit the 17th annual report of Teck Corporation, covering another year of record earnings.

Although Teck Corporation itself was formed only in 1963 through amalgamation of several companies, its roots go back to the formation of the Teck-Hughes Gold Mines Ltd. in 1913, making Teck one of the oldest continuing resources companies in Canada.

Net earnings before extraordinary items were $31.8 million, up 40% from the previous record level established last year. Earnings per share increased from $1.19 to $1.24 on a larger average capitalization. Group cash flow increased to $61.3 million, up 54% from the previous year. Including an extraordinary gain on the sale of investments in Noranda and Barymin, total earnings were $38.2 million or $1.49 a share.

Highlights of the year were:

- Construction at Highmont continued on budget, although completion was delayed due to late delivery of some items of mill equipment. The first mill circuit should be in production in December, and the second by March.
- Afton repaid $62 million of its bank indebtedness, and should clear all of its long term debt in the current fiscal year.
- Lornex announced a 70% expansion of its copper molybdenum mine at a cost of $160 million, scheduled for completion late in fiscal 1981. Teck's Lornex investment at year-end had a market value of $138 million.
- Teck purchased a 25% interest in Coseka Resources Limited for $35.8 million. Coseka had a successful year and our investment at year-end had a market value of $67 million.
- Teck's oil and gas exploration and development commitments were increased, including a $9 million, offshore exploration programme over 3 years and a $7 million development drilling programme in Ohio.

- Negotiations for the development of a 1.7 million tonnes per year coking coal mine in northeastern British Columbia progressed, and it is hoped these will be completed early in 1981.
- Reserves at Schaft Creek were extended as a result of a substantial drilling and regional exploration programme.
- Sufficient thermal coal reserves were established at Burnt River in British Columbia to warrant preliminary marketing negotiations.
- A new research and development corporation was formed jointly by Teck and a unit of the Canada Development Corporation, with an initial capitalization of $10 million.

Prospects for 1981 are for a further increase in earnings, even without improvement in metal prices, because of the increment of new production from Highmont. In 1982, a full year of Highmont production and the impact of the Lornex expansion could again result in increased earnings.

Prospects on the oil and gas side are less clear, because of the increasingly chaotic and perverse pricing situation in Canada. Under the latest scheme, Teck's after-tax revenue on Canadian oil production in 1981 would be $3.11 a barrel, in contrast to the United States, where our current after-tax revenue is $14.50 a barrel.

This situation is, unfortunately, not well-understood by the public, which is being led to believe that Canadian oil producers are well-treated. The discrepancy in returns between the United States and Canada is a strong relative disincentive to explore in Canada and, unless Ottawa and the provinces can reach a more responsible accord, many Canadian companies will be forced unwillingly to de-emphasize Canadian exploration and development.

Corporate management additions included the Hon. Robert K. Andras, previously president of the Board of Economic Development Ministers of the Federal Government, as senior vice president; David A. Thompson, previously co-managing director of Messina (Transvaal) Development Co. Ltd. as vice president, finance; and John A. Guminski, previously Director General of finance and administration of the Department of Industry, Trade and Commerce in Ottawa, as vice president, administration. Richard Drozd was promoted to vice president, engineering and Ronald A. McIntosh to president of the oil and gas division. Carl A. Rosner, chairman of Intermagnetics General Corporation, joined the Group as president of TDC Technology Development Corporation. Donald L. Hiebert, previously vice president, finance became vice president of Coseka Resources and president of Coseka Resources (USA).

These additions augment an already strong management team which has created an impressive record of development in Canada and, on behalf of the board of directors and the shareholders, I would like to acknowledge their superb efforts, as well as those of the entire staff of Teck Corporation.

On behalf of the board

December 2, 1980

Norman B. Keevil, President

The Afton open pit near Kamloops, British Columbia

David Thompson, vice-president: finance and Robert Hallbauer, senior vice president, at Highmont during construction

MINING

Teck operates six mines producing copper, gold, silver, zinc and niobium in Newfoundland, Quebec, Ontario and British Columbia.

Teck is also developing a seventh mine, a $150 million project to produce copper and molybdenum from the Highmont property in British Columbia. In addition, Teck owns a 21% share interest in the Lornex mine, adjacent to Highmont, and this is being expanded to a capacity of 70,000 tons per day at a capital cost of $160 million.

AFTON COPPER, GOLD

The Afton mine and smelter had a successful second year of operation, producing 59,106,500 pounds of copper, 45,300 ounces of gold and 308,000 ounces of silver. Long term debt was reduced by $53.5 million (US) to $30.5 million (US) at the end of the fiscal year.

The mill treated 3,133,600 tons grading 1.07% copper, with a recovery of 87.8% and an average throughput of 8,560 tons per day. Both recovery and throughput were above that of the first year of operation, with the copper grade being the same.

The grade of ore mined to date has been higher than the average grade of the orebody, and in future years it will be necessary to treat lower grade ore. During the next fiscal year the grade is expected to be 0.95%, and in the next year 0.6%, when the transition from the initial open pit to the final pit is made. Thereafter, grade should remain relatively steady at the average ore reserve grade.

The smelter operated at capacity during the year, producing 48,196,000 pounds of blister copper sold under long term contracts. The remaining product was sold as concentrate on the spot market.

Operating profit was $61.1 million. After deductions for interest, exchange adjustments, depreciation and taxes, net profit was $21.1 million. The average price received for copper was $1.15 a pound and for gold was $606 per ounce.

Teck holds 2,773,654 shares or 73% of Afton Mines Ltd.

NIOBEC NIOBIUM

The Niobec mine, owned 50% by Teck Corporation and 50% by Soquem, produced 5,440,000 pounds of niobium oxide during the year.

The expansion of milling facilities by 30% progressed on schedule and will be completed by the calendar year end. Related shaft sinking has been completed and underground development is underway. Capital expenditure on this programme was $4.0 million, and Niobec contributed 4¢ to Teck's earnings per share during the year.

BEAVERDELL SILVER

Beaverdell produced 367,150 ounces of silver from 41,543 tons of ore grading 10.0 ounces per ton.

Mill throughput was increased with several minor modifications to the mill. Considerable test work was carried out on treatment of old tailings ponds, which contain significant amounts of silver, and it is planned to construct a treatment facility this year.

Operating profit at Beaverdell was a record $5.8 million, based on an average silver price of $21.70 an ounce.

The Afton tailings dam lies alongside peaceful cattle country of British Columbia's Interior Plateau

SILVERFIELDS SILVER

Silverfields produced 435,680 ounces of silver from 84,750 tons grading 5.8 ounces per ton, down considerably from a grade of 9.2 ounces last year. This is a reflection of the fact that ore reserves are running out, but the life of the mine could be extended if additional ore can be developed on an adjacent property which has just been acquired.

Silverfields has been forced to stockpile concentrates for some years, due to the inability of the Cobalt refinery to process all of its production. After lengthy negotiations, a firm contract was finally obtained with a European refinery.

Now the Cobalt refinery, controlled by St. Joe Minerals Corporation of New York, is attempting to get the Ontario government to rescind Silverfields' export permit. If it is successful and Silverfields is forced to ship to the St. Joe refinery, with its current uncompetitive charges, the effect on the mine's earnings could be significant.

Operating profit for the year was $5.9 million, based on an average silver price of $22.95 an ounce.

NEWFOUNDLAND ZINC

The Newfoundland Zinc mine, owned 63% by Teck and 37% by Amax Lead & Zinc, Inc., produced 90,800,000 pounds of zinc during the year. Mill throughput was 1,650 tons per day, with a recovery of 98.2% of ore grading 8.3% zinc.

Development and mining of the downward extension of the main L Zone continued according to plan. The extensive grouting programme and a general improvement in ground conditions at depth have resulted in reduced water inflow.

The Niobec mine near Chicoutimi, Quebec is the world's second largest producer of niobium, a metal used as an alloying agent in steels and superconductors

Surface drilling after the fiscal year end encountered new mineralization in the E Zone, northeast of the main L Zone, and it appears likely that reserves mineable by open pit and shallow decline will be established here. A joint venture agreement was entered into on the Trapper claims to the east, under which another company may earn a one third interest upon the expenditure of $1 million.

Teck's share of operating profit was $6.8 million, based on a zinc price of 41¢ a pound.

LAMAQUE GOLD

The Lamaque mine produced 366,276 tons of ore at a grade of .095 ounces per ton, for recovery of 32,077 ounces of gold.

Underground exploration and development continued at a high level, with approximately 9,000 feet of development and 67,000 feet of diamond drilling being completed during the year.

The mill was placed on a seven day week from August, to provide additional capacity to custom mill ore from other mines. Ore from several nearby mines is being treated on a short term basis, and a long term milling contract was completed with Kiena Gold Mines. Lamaque will spend approximately one million dollars to modify its mill for treatment of the Kiena ore.

It is interesting that the custom milling programme included 12,200 tons of waste dump material from our old Leitch mine at Beardmore, Ontario, producing 1,628 ounces of gold, of which Lamaque received 30%. Leitch ceased operations in 1965 but, with the improved price of gold, plans are to resume exploration on the property this year.

Operating profit was $8.9 million, including $0.5 million of custom-milling profits.

John Anderson, mine manager, with some of the 120 ton trucks used at Highmont

Richard Drozd, vice president: engineering, at the Burnt River thermal coal project

HIGHMONT COPPER, MOLYBDENUM

Construction of the Highmont mine and concentrator continued. Delays in delivery of grinding mills and fabricated steel have resulted in some delay beyond the original construction schedule. It is expected now that the first of two milling circuits will begin operating in December, with the second to begin in March.

Despite the delay and higher interest rates than forecast, it is expected that capital costs will be within or close to the $150 million originally estimated.

Highmont will have a rated capacity of 25,000 tons of ore per day, and will produce an average of 46 million pounds of copper and 4.6 million pounds of molybdenum per year. The first year's production will come from the West Pit, with a higher-than-average grade of molybdenum.

BURNT RIVER COAL

A major drilling programme was carried out during the year on this thermal coal property 38 km. southwest of Chetwynd, and 35 km. northwest of Bullmoose. This increased reserves sufficiently to enable marketing discussions to begin, based on anticipated production levels of up to 1,000,000 tonnes per year for about twenty years.

The coal can be mined by open pit and, with no washing plant or additional rail line required, capital costs will be relatively low. At present, bulk sampling is in progress, and a feasibility study is underway.

BULLMOOSE COAL

Negotiations with Japanese steel mills for the purchase of 1.7 million tonnes of coal per year are continuing. Details of rail and port construction and other infrastructure have been largely settled with the parties involved, and it is hoped that negotiations will be concluded shortly.

The overall development of the Northeast Coal District will involve a 115 km rail line from Anzac to a new townsite at Tumbler Ridge, about 34 km from Bullmoose. This will service both Bullmoose and Denison's Quintette coal project, as well as other new mines that may be developed in the area. A new coal port will be built at Prince Rupert, in conjunction with the new grain terminal already underway.

If concluded successfully, Bullmoose and Quintette together will result in one of Canada's largest export contracts ever. They will generate close to half a billion dollars in foreign exchange revenue each year for many years, in 1980 dollars, and will thus have a significant effect on Canada's balance of trade.

LORNEX COPPER, MOLYBDENUM

Teck has a 21% share interest in Lornex Mining Corporation Ltd., which operates a large copper molybdenum mine adjacent to Highmont.

Production during Teck's fiscal year amounted to 129.1 million pounds of copper and 5.3 million pounds of molybdenum, for an operating profit of $123.1 million. Lornex contributed $14.3 million to Teck's earnings in 1980.

Lornex is in the middle of a $160 million programme to expand production by 70%, with completion scheduled for mid-1981.

Ore from the waste dumps at the old Leitch gold mine at Beardmore, Ontario was trucked to the Lamaque mill at Val D'or, Quebec

John May, president of Teck Explorations, Bill Meyer and Andy Betmanis form part of Teck's mining exploration team

MINE OPERATING STATISTICS

	AFTON COPPER, GOLD		NEWFOUNDLAND ZINC ZINC		LAMAQUE GOLD		SILVERFIELDS SILVER		BEAVERDELL SILVER		NIOBEC NIOBIUM	
	1980	**1979**	**1980**	**1979**	**1980**	**1979**	**1980**	**1979**	**1980**	**1979**	**1980**	**1979**
TECK INTEREST	73%	65%	63%	63%	100%	100%	100%	100%	100%	100%	50%	50%
Tons Milled	3,133,660	3,068,191	558,424	571,808	366,276	440,400	84,756	82,634	41,543	37,889	657,074	627,628
Tons Per Day	8,560	8,406	1,650	1,624	1,648	1,843	232	226	117	107	1,846	1,773
Grade (% or oz/ton)	1.07	1.07	8.3	8.8	0.095	0.113	5.8	9.23	10.0	10.01	0.63	0.67
Recovery (%)	87.8	87.3	98.2	97.9	92.0	93.4	91.9	95.0	88.4	90.0	65.8	64.8
Production:												
Copper (lbs)	59,106,500	57,265,857										
Gold (oz)	45,333	57,608			32,077	46,372						
Zinc (lbs)			90,798,852	98,234,800								
Silver (oz)	307,790	294,900					435,680	725,722	367,150	341,126		
Niobium Oxide (lbs)											5,440,159	5,444,826
Operating Cost Per Ton	8.92	7.56	18.25	15.40	33.88	25.13	30.99	26.89	49.16	44.77		
Average Price												
Main Product ($)	1.15	0.97	0.41	0.40	644.84	254.00	22.95	10.02	21.70	11.30		
Operating Profit ($)	61,079,000	41,707,000	10,729,800	11,596,784	8,354,000	1,064,000	5,704,000	4,246,000	5,834,000	1,576,000		
Ore Reserves (tons)	21,385,000	24,500,000	1,664,000	2,146,000	375,000	387,000	129,000	169,000			10,347,000	10,523,000
Grade Reserves (% or oz)	0.93	0.94	8.1	8.6	0.131	0.135	6.8	7.6			0.65	0.66

MINING EXPLORATION

MONTCALM NICKEL, COPPER

A 19 km. access road is being constructed this fall to provide all-weather access to the property, so that construction can begin quickly once a production decision is made. This will depend upon improvement in anticipated nickel markets coinciding with the time required to complete the mine and concentrator facility.

Teck, Metallgesellschaft and Domik Exploration each hold a one-third working interest in the project, subject to a 10% carried interest held by Teck's subsidiary, Teck Explorations Limited. A fourth party has filed suit claiming a share in the working interest.

SCHAFT CREEK

Forty-seven holes were drilled during the year on this copper molybdenum gold project in northwestern British Columbia, and further drilling and bulk sampling are planned in 1981. All assay data have not been received, but reserves have been enlarged considerably from the previous estimate of 395 million tons grading 0.33% copper and 0.029% molybdenum.

Teck can earn a 70% interest in the property by arranging to place it into production, with Teck's affiliate, Silver Standard Mines Limited, retaining a 30% carried interest.

GENERAL EXPLORATION

Teck, Metallgesellschaft and Domik Exploration are jointly exploring for base metals in eastern Canada, using the DIGHEM airborne electromagnetic system. In the forthcoming year, this syndicate, which discovered the Montcalm deposit, plans to drill a number of anomalies resulting from surveys carried out this past year.

A similar syndicate has been formed in Australia, and has applied for twenty-three exploration licences in the Tasman Geosyncline, a well-mineralized region containing a number of base metal mines. Teck has also acquired a gold silver property in western Australia, and is drilling a copper lead zinc silver property in New Zealand.

A copper molybdenum property in Nevada and a molybdenum gold silver property in Montana will be drilled in 1981. In addition, a number of precious and base metal properties in the southwestern United States are presently being evaluated.

DIGHEM LIMITED

Dighem Limited is a subsidiary of Teck Explorations Limited. It operates the DIGHEM^{II} system, providing airborne electromagnetic survey services to the mining industry at large, as well as surveying for syndicates organized by Teck. It currently has two helicopter units in Canada and one in Australia, and has built systems for use by government agencies in other countries. Dighem Limited will shortly offer geophysical data-processing services to its clients.

Diamond drilling at Schaft Creek in 1980 added to the already-substantial reserves

SONOTEK LIMITED

Teck Explorations purchased a 25% interest in Sonotek Limited of Toronto in July 1980. Sonotek manufactures digital data acquisition components for several types of geophysical systems, as well as meteorological and process control equipment. Teck Explorations will increase its interest in Sonotek to 50% in April 1981, and may eventually purchase a 75% interest.

Teck Corporation has, for many years, maintained a prominent position in developing new and improved geophysical exploration concepts and techniques. The acquisition of an equity interest in Sonotek complements the company's interests in this area.

Ron McIntosh, president of Teck's oil and gas division, points out a drilling location near the old town of Keevil in England

OIL & GAS

Teck produced 974,300 barrels of oil and 3.4 billion cubic feet of natural gas in 1980, compared with 997,000 barrels and 3.5 billion cubic feet last year. U.S. oil production was up from 36,000 barrels to 65,000 barrels and gas from nil to 67 million cubic feet, while Canadian production was down somewhat. Operating profit after royalties was up from $8.8 million to $11.3 million.

Teck participated directly in drilling 115 wells in Canada and 76 wells in the United States during the year, resulting in 30 new oil wells, 73 gas wells and 9 combined oil and gas wells. In addition, Teck obtained an interest in 6 new oil wells and 6 new gas wells by farmout.

RESERVES

Proven and probable reserves at the fiscal year-end were estimated to be 10,275,000 barrels of oil and 95.4 billion cubic feet of natural gas, compared with 9,954,000 barrels of oil and 81.1 billion cubic feet of gas at the end of 1979.

Location of Reserves

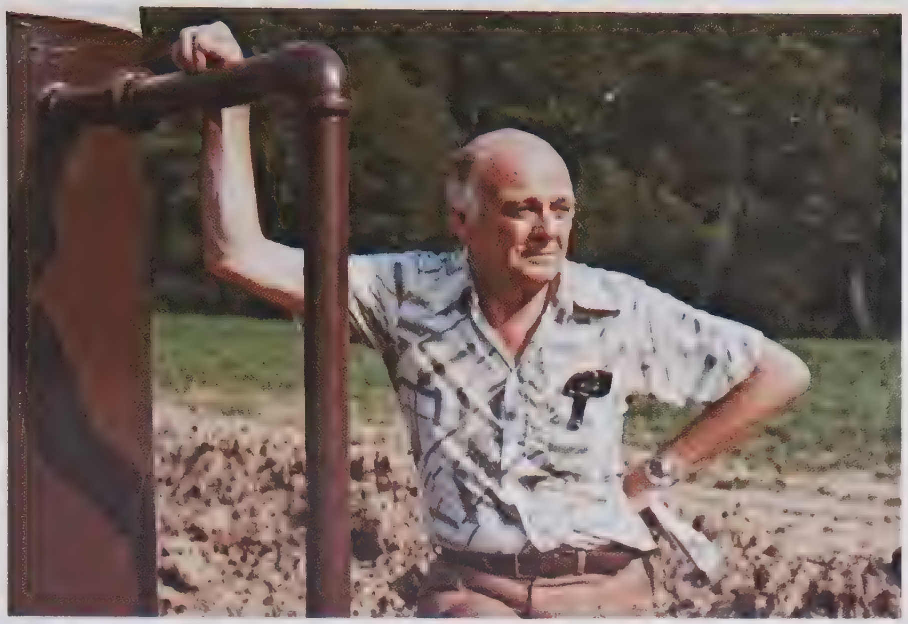
	Barrels of Oil	MCF of Gas
Alberta	2,508,000	75,723,000
British Columbia	25,000	9,843,000
Saskatchewan	6,038,000	357,000
Manitoba	223,000	
Northwest Territories		961,000
USA	1,481,000	8,504,000

CANADIAN EXPLORATION

Teck participated in 4 new oil wells at Wayne-Rosedale during the year and now has a 25% interest in 22 wells and a 17.5% interest in 2 wells. It is anticipated that solution gas will be marketed next year from the property, and evaluation of methods for enhanced oil recovery is underway.

Teck has a 22.5% interest in 150,000 acres in the Chipewyan-Liege area of Alberta, where natural gas reserves have been developed. As a consequence of this summer's final approval for the southern portion of the Alaska gas pipeline, gas contracts with Pan-Alberta are being finalized and construction of production facilities and pipelines can now proceed.

In the Edson area of Alberta Teck has participated in 4 successful gas wells earning a 20% interest in 10,240 acres. Further drilling is underway to earn a 20% interest in additional lands. A total of 7 wells have been drilled on the lands to date, all of which have been successful in finding gas reserves. In this general area production has been obtained from numerous zones including the Cardium, Viking, Bluesky-Gething and Elkton formations. Proven and probable reserves are estimated at 44 billion cubic feet for the 7 sections already drilled.



Alan Keevil retired this year, after running Teck's oil and gas operations for 15 years. When he started, Teck's reserves were 20,400,000 barrels of oil. During his tenure Teck produced 22,400,000 barrels of oil and 20.5 billion cubic feet of gas, and reserves are now 10,275,000 barrels of oil and 95.4 billion cubic feet of gas

Steve Ozar, petroleum engineering vice president, and Klaus Zeitler of Metallgesellschaft on a joint venture oil development project in Ohio

The Cameron Hills property straddles the Alberta-Northwest Territories border just west of the Hay River highway. Six wells have been drilled in the last two winter drilling seasons, with 4 of the wells being completed as gas wells. This year 3 additional wells are planned and a well started last year will be finished on this 125,000-acre spread.

Teck is part of a group which has entered into a $60 million exploration and development programme with Columbia Gas Development of Canada Ltd., involving interests in approximately 18,600,000 gross acres (3,140,000 net acres) situated in offshore Labrador, the Canadian Arctic and Western Canada. Teck's share will be $9 million or about $3 million per year over the next three years, which will earn a 5% interest in the net acreage.

Six wells in this programme were drilled in Alberta and British Columbia in 1980, 4 of which are gas wells and 1 of which is a gas and oil well. The Chevron South Labrador M-79 well, located about 800 miles north of Hibernia, was begun during the fiscal year. Two wells were also drilled offshore from Prince Edward Island, earning interests in 3.7 million acres.

UNITED STATES EXPLORATION

In the past several years Teck has been increasing its activity in the United States, where rewards from success are higher, and tax and jurisdictional uncertainty lower. The most significant current projects are located in Ohio, Utah, North Dakota and Texas.

Teck has undertaken a 100 well programme in southeastern Ohio, with options for continuing programmes on a total of 45,000 acres. The area of activity has potential for multiple zone gas and oil production from the Mississippian and Devonian sections. At year-end 47 wells had been completed. All wells are interpreted to be potentially productive in several zones with 9 of the initially completed wells classified as oil, and 23 as gas. The remaining 15 are awaiting stimulation and tie-in to the gas gathering system. Several wells initially classified as gas became oil wells after being on production for a short period, and it is anticipated that this will occur in other wells.

Teck participated in 3 additional oil wells in the Altamont Field in Utah this year, bringing the total number of wells in which Teck has interests to six. Teck has earned or purchased interests in 3,200 acres and will earn interests in an additional 1,230 acres with 2 wells currently being drilled. In addition, Teck has options to earn interests in an additional 3,120 acres.

Teck has a 10% interest in about 125,000 acres located along the Nesson Anticline trend in the Williston Basin in North Dakota. This year Teck participated in the drilling of 2 Mississippian discoveries along the trend, as well as in 2 additional discoveries by farmout. Further development is planned for 1981.

In Kaufman County, Texas, a 1979 Smackover natural gas and condensate discovery is expected to go into production next year. The discovery well tested gas at a calculated open flow rate of 58 million cubic feet per day, plus 100 barrels of condensate per million cubic feet of gas. Teck has a 25% interest before payout in the 2,014 acre prospect and rights to earn a 25% interest in a further 3,160 acres on trend. Teck also participated in a multi-zone discovery in Calhoun County, Texas. Teck has a 25% interest before payout in this 872 acre prospect.

The first well in a number of new exploratory projects in Texas was commenced after the year end and Teck plans to drill at least 6 prospects next year in Texas.

INTERNATIONAL EXPLORATION

Teck has obtained interests in 2 permits totalling 114,000 acres in southern Italy. A seismic evaluation programme is planned this year for the 25,500 acre Serre Alte block, in which Teck has a 23.3% interest.

In the United Kingdom, it is anticipated that 1 or 2 wells will be drilled under farmout on Teck's acreage in the forthcoming year.

COSEKA RESOURCES

Teck purchased a 25% share interest in Coseka Resources Limited for $30.8 million during the first quarter, and a further $5 million in convertible preferred shares late in the fiscal year.

Coseka is a Calgary-based oil and gas company with exploration and development assets in both the United States and Canada. Production in its last fiscal year ending July 31 was 10.6 billion cubic feet of natural gas and 177,600 barrels of oil. Proven and probable reserves were 456 billion cubic feet of gas and 3.4 million barrels of oil and natural gas liquids. Of these reserves, 110 billion cubic feet of gas and 1.8 million barrels of oil are in the United States, where the return to the producer for its efforts is substantially greater than in Canada.

Coseka's most important U.S. project is in the Douglas Arch area of Colorado and Utah, where it now owns 180,000 net acres. Seventy successful gas wells had been drilled by the end of 1979, of which 34 are now connected to gas lines. Forty more wells will have been drilled by the end of this calendar year and the drilling rate is expected to increase to 100 wells per year by 1982. Ultimate reserves in this area are expected to exceed substantially the reserves proven to date.

Carl Rosner, president of TDC Technology Development, and Dr. Brian St. John, president of Teck Research, with the Seagold desalination hand pump

RESEARCH

Teck Research Inc. (TRI) was formed in 1979 to consolidate Teck's research and development activities, which had produced the DIGHEM airborne geophysical system and patented metallurgical technology related to niobium concentration. TRI was designed to identify and develop new technological opportunities, both related to resources and in other potential new industries.

During 1980, TRI completed an agreement with CDC Ventures Inc. to form a jointly-owned company called TDC Technology Development Corporation. Teck contributed all current TRI projects and the CDC unit contributed $5,000,000 for their joint interests.

TDC owns a 36% share interest in Intermagnetics General Corporation of Albany, New York. IGC is one of the world's leading manufacturers of superconductive equipment, much of which employs niobium as an alloy in its superconductive wire.

TDC is also backing research and development in intercalation batteries being carried out by Moli Energy Ltd. The objective is a molybdenum-lithium battery suitable for electric vehicles and load-levelling at electrical generating stations.

Niobium-titanium magnet system manufactured by a TDC affiliate, Intermagnetics General Corporation, for medical diagnostic research at the Medical College of Wisconsin

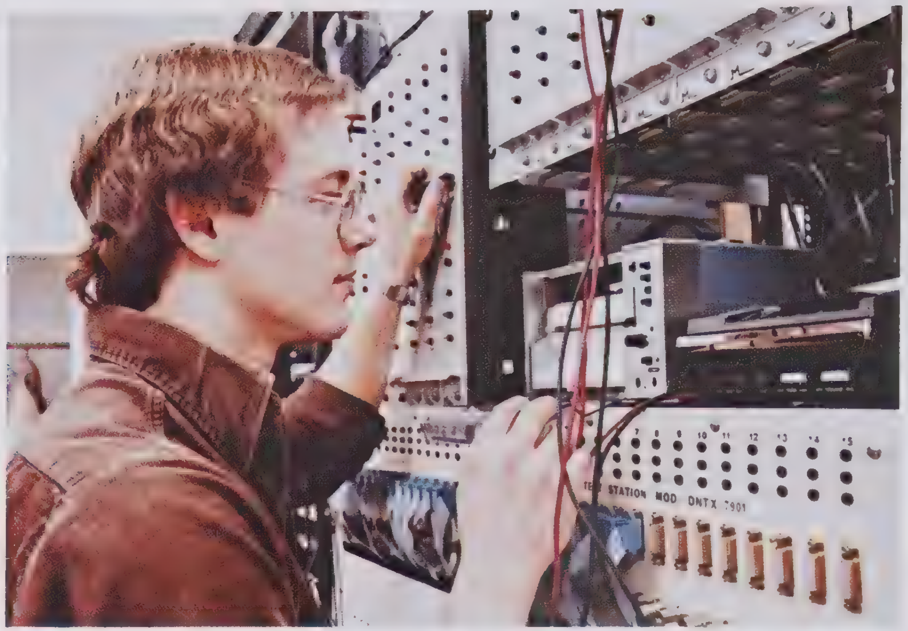
The Seagold project is a joint venture between TDC and Seagold Industries Corporation to develop highly efficient, energy recovery pumps for reverse osmosis desalination and water purification.

Geofertilizers Inc. is a new company formed by TDC to develop inventions in custom fertilizer formulation developed by Dr. W.S. Fyfe of the University of Western Ontario. These have potential for long term, single application fertilizers in tropical forest development tracts.

Several TDC projects are in the laboratory or early testing stage. These include three advanced mineral processing techniques; one designed to recover mineral values from mine tailings streams or old tailings deposits, and two attempting to circumvent some problems in present day mineral dressing procedures. An inventor in Palo Alto is investigating a chemically-produced synthetic industrial abrasive under a TDC contract. Finally, TDC is assisting a Canadian university team investigating a novel process to make cadmium disulphide photovoltaic solar cells.

The formation of TDC brings together two strong Canadian companies with complementary capabilities and a common interest to promote and foster technology-based projects of above-average potential.

Teck Research is also sponsoring research in aquaculture through an investment in Systemculture Seafood Plantations in the United States. This company is building a new facility to produce commercial oysters and other seafood crops at a substantially faster rate than is possible under existing technology.



Scientist at Moli Energy Limited examining automatic apparatus for battery life-cycling test program

The Hon. Robert Andras, senior vice president, and Dr. Wang Jianshi, Executive Director of China International Trust & Investment Corporation, during joint venture discussions


PRINCIPAL PRODUCING AND EXPLORATION AREAS
MINING PRODUCTION
1. Newfoundland Zn
2. Niobec Nb
3. Lamaque Au
4. Silverfields Ag
5. Beaverdell Ag
6. Afton Cu Au
7. Highmont Cu Mo
MAJOR PROSPECTS
8. Schaft Creek Cu Mo Au
9. Bullmoose Coking Coal
10. Burnt River Thermal Coal
11. Casino Cu Mo
12. Montcalm Ni Cu
PETROLEUM PRODUCTION
PETROLEUM EXPLORATION
DOUGLAS ARCH PROJECT — COSEKA

David Thompson, vice president: finance and John Anderson, mine manager, at the Highmont project

FINANCIAL

1980 was another record year, with earnings before extraordinary items increasing to $31.8 million or $1.24 a share from $22.5 million or $1.19 a share in 1979. An extraordinary gain on the sale of Noranda and Barymin shares added a further $6.5 million for net earnings of $37.9 million.

Operating profits from both petroleum and mining increased for the sixth consecutive year. As a result, cash flow from operations continued to grow, reaching $61.3 million compared to $39.8 million in 1979.

Long term debt was increased during the year as a result of the acquisition of a 23% interest in Coseka Resources for $35.8 million, and construction costs at Highmont, which amounted to $104.2 million in the fiscal year. However, the continuing success of the Afton mine enabled a reduction of its project debt by $62.5 million and Teck was removed completely from its deficiency guarantee on this project loan. Long term debt at the year-end amounted to $179 million, of which $138 million represented project-financing.

The total borrowing for the Highmont project was $115 million at the year end, and on completion will be approximately $150 million. Teck has provided a completion guarantee and security totalling $45.6 million to support this loan. There are provisions for release of this security on performance, at which time the loan will become a strict project loan.

In February, Teck agreed to assign a 20% partnership interest in the Highmont project, including an equivalent share of all guarantees, to Metallgesellschaft Canada Ltd. This transaction will be completed in the second quarter of fiscal 1981, at which time Teck will receive $21.1 million.

In addition, Teck received $11.5 million from BP Canada Ltd. in the first quarter of 1981 as part of the payment on sale of the Sukunka project. The combined total of $32.6 million will further enhance our cash flow.

Two significant exploration and development commitments during the year were the decision to spend $9 million over 3 years as part of a $60 million, primarily offshore, oil exploration programme with Columbia Gas, and a 25% participation in a $28 million development drilling programme in Ohio. Both ventures will be financed from cash flow.

In March, the Company paid a special stock dividend of one Class B common share for each common share outstanding. The annualized cash dividend was increased from 12.5¢ to 15¢ a share.

Profits in fiscal 1981 could again set a record for the fifth consecutive year, with the increment of new production from Highmont. However, earnings for the first half will probably be below the 1980 level as a result of lower copper prices, and a one month shutdown of the Afton smelter.

In 1982, we should have a full year of production from Highmont and a new earnings contribution from the Lornex expansion so that, if metal prices are firm, Teck could have a sixth consecutive year of record earnings.

Consolidated Statement of Earnings for the Year ended September 30, 1980

	1980 $	1979 $
	(in thousands)	
Revenues		
Concentrates and metals	160,288	127,034
Oil and gas, less royalties	15,695	11,596
Investment and other income	2,818	2,961
	178,801	141,591
Costs and Expenses		
Cost of concentrate and metal production	77,812	68,709
Cost of operating petroleum wells	4,443	2,786
Administration and general	3,751	2,467
Depletion, depreciation and amortization	14,354	12,682
Exploration and research	10,562	4,616
Interest on long-term debt	16,408	17,519
Other interest	3,260	1,346
Currency translation and amortization	7,082	1,191
	137,672	111,316
	41,129	30,275
Income and Mining Taxes		
Current	858	3,171
Deferred	17,469	8,373
	18,327	11,544
Earnings before the following	22,802	18,731
Equity in net earnings of associated companies (net of amortization of $732,000 — 1979 $151,000)	14,638	9,640
Minority interests in net earnings of subsidiaries	(5,624)	(5,865)
Net Earnings before Extraordinary Items	31,816	22,506
Extraordinary items (note 6)	6,372	5,723
Net Earnings for the Year	38,188	28,229
Basic Earnings Per Share (note 7)		
Before extraordinary items	$1.24	$1.19
Before deferred taxes and extraordinary items	$1.93	$1.65
After extraordinary items	$1.49	$1.50

Consolidated Balance Sheet as at September 30, 1980

ASSETS	1980 $	1979 $
	(in thousands)	
Current Assets		
Cash and short-term deposits	4,397	3,471
Accounts receivable and deposits (note 4)	14,994	18,258
Concentrates, metals and settlements receivable (note 4)	41,245	56,463
Note receivable	9,900	9,900
Marketable securities — at cost	234	6,457
Supplies and prepaids — at cost	7,659	6,788
	78,429	101,337
Investments (notes 1 and 4)	87,002	40,478
Property, Plant and Equipment (notes 2 and 4)	334,671	216,011
Unamortized Foreign Exchange Loss	2,704	9,247
	502,806	367,073

LIABILITIES	1980 $	1979 $
	(in thousands)	
Current Liabilities		
Bank loans (note 4)	23,102	17,800
Accounts payable and accrued liabilities	21,872	15,916
Income and mining taxes payable	2,798	4,287
Current portion of long-term debt	19,351	19,747
Deferred income and mining taxes	3,111	3,111
	70,234	60,861
Long-Term Debt (note 4)	178,587	104,120
Deferred Income and Mining Taxes	46,401	28,399
Minority Interest in Net Assets of Subsidiaries	10,916	5,233
	306,138	198,613
SHAREHOLDERS' EQUITY		
Capital Stock (note 5)	104,534	75,175
Retained Earnings	90,089	56,199
Shares Available for Issue (note 5)	2,045	37,086
	196,668	168,460
	502,806	367,073

Approved by the Directors:

N.B. Keevil, Director

D.A. Thompson, Director

Consolidated Statement of Changes in Financial Position for the Year ended September 30, 1980

	1980 $	1979 $
	(in thousands)	
Source of Working Capital		
Funds generated from operations	61,316	39,784
Sale of investments and marketable securities	8,315	7,208
Exchange of marketable securities		4,451
Dividends from associated company	4,844	688
Long-term debt	140,010	14,000
Issue of shares	19	47,426
Working capital on acquisition of direct interest in corporate joint venture		3,127
Shares available for issue on amalgamations		37,086
Deferment of current income taxes		5,199
	214,504	158,969
Use of Working Capital		
Investments	38,990	2,321
Petroleum properties	20,468	11,016
Mineral properties, rights and deferred costs	2,643	5,058
Plant and equipment	108,994	14,281
Cost of amalgamations		62,395
Redemption of preferred shares on amalgamation with Highmont and Iso	5,701	
Long-term debt paid or currently maturing	65,691	48,262
Dividends	4,298	2,480
Purchase of common shares for cancellation		1,332
Other		364
	246,785	147,509
Increase (Decrease) in Working Capital	(32,281)	11,460
Working Capital — Beginning of Year	40,476	29,016
Working Capital — End of Year	8,195	40,476
Represented By:		
Current assets	78,429	101,337
Current liabilities	70,234	60,861
	8,195	40,476

Consolidated Statement of Retained Earnings for the Year ended September 30, 1980

	1980 $	1979 $
	(in thousands)	
Balance at Beginning of Year		
As previously reported	56,772	31,569
Adjustments of prior years' earnings	(573)	(388)
As restated	56,199	31,181
Net earnings for the year	38,188	28,229
	94,387	59,410
Dividends on preference shares	526	195
Dividends on common shares	3,772	2,285
Premium on cancellation of common shares		731
Balance at End of Year	90,089	56,199

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Teck Corporation as at September 30, 1980 and the consolidated statement of earnings, retained earnings and changes in financial position for the year then ended. For Teck Corporation and for those other companies of which we are the auditors and which are consolidated or are accounted for by the equity method in these financial statements, our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph. For other companies accounted for by the equity method we have relied on the reports of the auditors who have examined their financial statements.

Equity in net earnings of associated companies and the related investment in companies carried on an equity basis includes $11,065,000 which represents that portion of the earnings of investee companies which have not been audited.

In our opinion, except for the effect of adjustments, if any, which might have been required had audited financial information of the investee companies described in the preceding paragraph been available, these consolidated financial statements present fairly the financial position of the company as at September 30, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
November 14, 1980

Coopers & Lybrand
CHARTERED ACCOUNTANTS

SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING STANDARDS

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and conform in all material respects to International Accounting Standards.

PRINCIPLES OF CONSOLIDATION

These consolidated financial statements include the accounts of the company and all of its subsidiaries. Significant subsidiaries are:

Afton Mines Ltd., Amalgamated Brameda-Yukon Limited, Dighem Limited, Teck Explorations Limited, Lamaque Mining Company 1964 Limited, Pine Bell Mines Limited, Teck Mining Group Limited, Teck Resources (U.K.) Limited, Teck Resources (U.S.) Inc.

The excess cost of investments in subsidiaries over the net assets at the date of acquisition relates to mineral properties and is amortized over the estimated life of the orebody from commencement of production.

TRANSLATION OF FOREIGN CURRENCIES

Amounts stated in foreign currency have been translated to Canadian dollars on the following bases:

(a) property, plant and equipment, together with related accumulated depletion, depreciation and amortization — at exchange rates in effect at the acquisition dates.

(b) all other assets and liabilities, including long-term debt — at exchange rates in effect at the balance sheet date.

(c) all earnings accounts other than depletion, depreciation and amortization — at average exchange rates for the year.

Gains and losses arising from the translation of long-term debt are deferred and amortized over the term of the debt.

INVESTMENTS IN ASSOCIATED COMPANIES

The company follows the equity method of accounting for its investments in companies in which it owns from 20% to 50% and over which it exercises significant influence. Under this method the company includes in its earnings its share of the earnings and losses of these associated companies. All of the significant accounting policies followed by the investee companies conform to those of the company, with the exception of the policy of accounting for petroleum properties and well development expenditures followed by Coseka Resources Limited, which follows the "full cost method". Under this method expenditures are capitalized and amortized on a unit of production method based on estimated recoverable reserves. The excess cost of these investments over the related underlying equity in the net assets of the investee companies relates to specific mineral properties and petroleum property pools. The excess applicable to each associated company is amortized according to each company's accounting policy.

INVESTMENTS IN CORPORATE JOINT VENTURES

The company accounts for its proportionate share of the assets, liabilities and operations of its corporate joint ventures, in each of which it has a direct asset ownership, on the line by line consolidation basis.

CONCENTRATES, METALS AND SETTLEMENTS RECEIVABLE

Concentrates are recorded at estimated net realizable value except where there is no contract for sale in which case they are recorded at the lower of cost and net realizable value. Metals and settlements receivable are recorded at estimated net realizable value.

Cost is determined on an average cost basis. Net realizable value is based upon the latest available metal prices, weights and assays, less provision for possible future declines in metal prices.

PROPERTY, PLANT AND EQUIPMENT

(a) Petroleum properties and well development expenditures

Costs incurred on the exploration for and development of petroleum property reserves are accounted for by the "successful efforts" method whereby all expenditures are deferred as undeveloped and non-producing costs and amortized at an annual rate, presently 8%, until the property is abandoned or placed into production.

The costs relating to abandoned properties are charged to earnings in the year of abandonment and geological and geophysical costs are expensed as incurred.

Properties placed into production are transferred to producing well costs which include lease acquisition costs and the costs of drilling and equipment. Depletion and depreciation is calculated on the unit of production method based on estimated recoverable reserves.

(b) Mineral properties, rights and deferred costs

Mineral properties and rights are carried at cost less amortization and do not necessarily reflect present or future values. Exploration costs are charged to earnings in the year in which they are incurred, except where these costs relate to specific areas having indicated economically recoverable reserves, in which case they are deferred.

Mineral properties and deferred exploration costs are amortized over the life of the orebody upon commencement of production, or written off if the property is abandoned.

(c) Plant and equipment

Plant and equipment are depreciated on a unit of production method based on estimated recoverable reserves.

FUTURES CONTRACTS

Futures contracts for sales of metals and currencies are entered into for maturities based upon estimated future production or receipt of currency. These contracts are liquidated at the time of production or receipt of currency and the realized gains or losses are included in Revenue From Concentrates and Metals.

Provision is made for unrealized losses on contracts maturing in subsequent accounting periods where the contracts relate to current production.

INCOME AND MINING TAXES

The company records income and mining taxes on the tax allocation basis. Differences in amounts reported for tax purposes and accounting purposes result in deferred income and mining taxes which are shown separately in the statement of earnings and balance sheet. Deferred income taxes relate primarily to the note receivable and depreciation and depletion of property, plant and equipment. Investment tax credits reduce the current year's charge for income taxes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 1980

1. INVESTMENTS

	% Ownership	Carrying Value 1980 $ (in thousands)	Carrying Value 1979 $ (in thousands)
Investments carried on an equity basis			
Casino Silver Mines Ltd. (N.P.L.)	38	676	676
Coseka Resources Limited	23	36,379	
Highland-Crow Resources Ltd.	39	780	780
Lornex Mining Corporation Ltd.	21	43,076	32,262
Silver Standard Mines Limited (N.P.L.)	35	3,212	3,040
TDC Technology Development Corporation	50	1,210	
		85,333	36,758
Investments, debentures and advances carried at cost			
Other investments — quoted		101	1,389
Other investments — not quoted		560	166
Housing loans to directors and senior officers		500	
Advances, notes and debentures		508	2,165
		1,669	3,720
		87,002	40,478

The unamortized excess of the carrying value of investments over the underlying equity in net assets is $25,419,000 (1979 — $5,497,000).

Investments carried on an equity basis, excluding TDC Technology Development Corporation which is not quoted, have a quoted market value of $214,732,000 at September 30, 1980. Other investments have a quoted market value of $3,745,000 at September 30, 1980.

Effective December 31, 1979 the company acquired 25% of the outstanding shares of Coseka Resources Limited for a cash consideration of $30,979,000 and on September 10, 1980 acquired 25% of an issue of convertible preferred shares at a cost of $5,000,000. Coseka's major assets are oil and gas properties in Canada and the U.S. The excess cost over the underlying equity in net assets at the date of acquisition was $21,419,000.

On May 1, 1980 the company acquired 50% of the outstanding shares of TDC Technology Development Corporation in consideration for various investments in research and development projects and companies with an original cost of $1,210,000. TDC Technology Development Corporation was formed to promote various research and development projects.

2. PROPERTY, PLANT AND EQUIPMENT

	1980 Cost $ (in thousands)	1980 Accumulated depreciation, depletion and amortization $ (in thousands)	1980 Net $ (in thousands)	1979 Net $ (in thousands)
Petroleum properties:				
Producing well costs	19,001	8,197	10,804	8,434
Plant and equipment	10,496	5,780	4,716	3,763
Undeveloped and non-producing costs	31,224	2,827	28,397	13,296
	60,721	16,804	43,917	25,493
Mining properties:				
Mineral properties, rights and deferred costs	96,288	7,729	88,559	88,281
Plant and equipment	117,746	30,750	86,996	90,218
Construction in progress	115,199		115,199	12,019
	329,233	38,479	290,754	190,518
	389,954	55,283	334,671	216,011

In April 1979 the company announced the commencement of construction of a mine and mill complex on the Highmont property in the Highland Valley district of British Columbia having an estimated capital cost, including interest during construction, of $150,000,000. Costs to date total $115,199,000 with commitments for a further $4,575,000.

The company has agreed to transfer the Highmont Project to a partnership in which the company will have an 80 percent interest and Metallgesellschaft Canada Ltd. a 20 percent interest. As a result of the transaction, the company will receive $20,600,000.

3. JOINT VENTURE OPERATIONS

The company's share of the assets and liabilities of its joint venture operations, the Niobec and Newfoundland Zinc projects, are shown below on a combined basis:

	1980 $ (in thousands)	1979 $ (in thousands)
Working capital	6,913	9,016
Property, plant and equipment (net)	21,570	21,714
Long-term debt	(7,652)	(11,781)
	20,831	18,949

4. LONG-TERM DEBT

	1980 $ (in thousands)	1979 $ (in thousands)
Afton Project (a)		
— term bank loan	18,147	80,105
— customer loan	17,562	17,414
Newfoundland Zinc Project (b)		
— term bank loan	3,156	5,634
Niobec Project (c)		
— joint venturer loan	4,496	6,147
Highmont Project (d)		
— term bank loan	115,200	11,000
Convertible Debenture (e)	3,000	3,000
Note Payable (f)	589	567
Term Bank Loans (g)	35,788	
	197,938	123,867
Debt due within one year	19,351	19,747
	178,587	104,120

Aggregate minimum amounts, based on current rates of exchange, estimated to meet repayment provisions in each of the next five years:

1981	$19,351,000	1984	$28,445,000
1982	$ 9,539,000	1985	$15,000,000
1983	$86,819,000		

(a) The Afton Project loans (U.S. $15,500,000) are secured by first and second fixed and floating charges over the assets of Afton Mines Ltd. The term bank loan is repayable in quarterly instalments of U.S. $3,500,000, subject to acceleration in the event of excess earnings as defined in the loan agreement. The customer loans (U.S. $15,000,000) are repayable over two years commencing when the term bank loan is repaid. The interest rate on the term bank loan is at 1% above the U.S. dollar L.I.B.O. rate. The interest rate on the customer loans is based upon the borrowing rates of the lenders.

(b) The Newfoundland Zinc Project loan (U.S. $2,696,000) is secured by a collateral fixed and floating charge debenture on the company's portion of the assets of the Project, plus the specific assignment of the company's portion of concentrate settlements receivable and concentrate inventories from the Project. The term loan is repayable in quarterly instalments of U.S. $540,000 and the interest rate is at ¾% above the U.S. dollar L.I.B.O. rate. Subsequent to the year end the loan was repaid in full.

(c) The Niobec Project loan is financed in U.S. dollars (U.S. $375,000) and Japanese yen (yen 473,000,000) and is secured by a first mortgage on the property of the Project. The loan is repayable in semi-annual instalments of U.S. $375,000 and annual instalments of 65,758,000 yen until 1982 with the balance payable in 1984. Interest is at 13¼% on the U.S. dollar and at 9.35% on the Japanese yen.

(d) The Highmont Project loan (U.S. $99,000,000) is secured by fixed and floating charges on the assets of the Project, plus a fixed charge on the proceeds of sales of the product. Certain investments and petroleum properties have also been lodged as additional security. The loan is repayable over five years commencing 1983, subject to acceleration in the event of available cash flow as defined in the loan agreement. The interest rate on the term bank loan is at 1½% above the U.S. dollar L.I.B.O. rate.

(e) The convertible debenture is repayable on December 31, 1988 or convertible up to December 31, 1983 into 400,000 Class B common shares (see Note 5(g)). Interest on the debenture is at 9½%.

(f) The note payable is unsecured and has no fixed repayment terms; it is repayable by a subsidiary out of its net profit after taxes. Interest on the note payable is at 6%.

(g) The term bank loan is secured by certain investments and repayable on December 19, 1982. Interest is at prime plus ½%.

(h) Repayment of the current bank loans of $23,102,000 is secured by certain settlements receivable and investments.

5. CAPITAL STOCK

(a) Authorized

An unlimited number of Class A common shares without nominal or par value.
An unlimited number of Class B common shares without nominal or par value.
An unlimited number of preferred shares without nominal or par value issuable in series.

The Class A common shares carry the right to 100 votes per share and the Class B common shares carry the right to one vote per share; in all other respects the Class A and B common shares rank equally.

The Series A Preferred shares are 7½% Cumulative Redeemable Convertible Preferred Shares.

(b) Issued and fully paid

	1980 $	1979 $
	(in thousands)	
4,891,720 Class A common shares	13,987	13,987
20,383,694 Class B common shares (Note 5(f))	83,547	54,188
25,275,414	97,534	68,175
70,000 Series A Preferred shares	7,000	7,000
	104,534	75,175

(c) The company may be required to issue up to 302,950 Class B common shares (including the stock dividend) to former shareholders of Brameda Resources Limited, The Yukon Consolidated Gold Corporation Limited, Highmont Mining Corporation and Iso Mines Limited who have not yet presented their share certificates entitling them to obtain Class B common shares of the company.

(d) During the year, the company paid a stock dividend of one Class B common share for each Class A common share and each Class B common share issued and available to issue to the former shareholders of Brameda, Yukon, Highmont and Iso as at March 5, 1980.

(e) During the year, options were granted to officers and employees on 485,000 Class B common shares at $9.675 per share. The options are exercisable in varying annual amounts up to December 31, 1984. As at September 30, 1980 options on 483,000 shares were outstanding.

(f) During the year the following shares were issued:

	Shares	$ (in thousands)
(i) Class B common shares		
Balance at beginning of year	5,961,458	54,188
Stock dividend	12,636,707	
Under the terms of the stock option for cash	2,000	20
In exchange for the shares of Brameda, Yukon Highmont and Iso presented for conversion	1,783,529	29,339
Balance at end of year	20,383,694	83,547

(ii) Preferred shares

The company issued 2,067,774 Series B Preferred shares to former shareholders of Highmont and Iso upon presentation of their share certificates of which 341,572 were redeemed at a cost of $5,701,000 and 1,726,202 were converted to Class B common shares.

(g) The holder of the 9½% debenture may convert this debenture on or before December 31, 1983 into 400,000 fully paid Class B common shares at the rate of one share for each $7.50 debenture.

(h) The Series A Preferred shares are redeemable at the price of $100 per share after May 16, 1985, and may be converted into fully paid Class B common shares at the following rates:

Up to May 15, 1982 at a price of $ 9.00
Up to May 15, 1985 at a price of $10.50

The number of Class B common shares to be issued upon conversion of each Series A Preferred share shall be equal to the number obtained by dividing 100 by the conversion price.

6. EXTRAORDINARY ITEMS

	1980 $	1979 $
	(in thousands)	
Gain on sale of investments after provision for deferred income tax of $1,893,000	5,101	2,707
Gain on exchange of shares		3,338
Income tax reduction arising from utilization of certain losses carried forward	1,152	
Other	119	(322)
	6,372	5,723

7. EARNINGS PER COMMON SHARE

Basic earnings per share are calculated using the weighted average number of shares outstanding during the year of 25,273,914 (1979 — 18,748,818). The average number of shares has been determined as if the stock dividend was effective at the beginning of the comparative period.

CONSOLIDATED STATEMENT OF SEGMENTED INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 1980
(in thousands of dollars)

	1980				1979			
	Mining $	Petroleum $	Other $	Consolidated Total $	Mining $	Petroleum $	Other $	Consolidated Total $
OPERATIONS								
Revenue								
Foreign sales	116,447	2,341		118,788	78,371	538		78,909
Domestic sales	43,841	13,354	2,818	60,013	48,663	11,058	2,961	62,682
	160,288	15,695	2,818	178,801	127,034	11,596	2,961	141,591
Costs and expenses								
Cost of operations	77,812	4,443		82,255	68,709	2,786		71,495
Administration and general			3,751	3,751			2,467	2,467
Depletion, depreciation and amortization	10,819	3,393	142	14,354	10,556	2,006	120	12,682
Exploration and research	3,592	6,872	98	10,562	2,076	2,422	118	4,616
Interest and currency translation adjustments	20,477		6,273	26,750	16,996		3,060	20,056
	112,700	14,708	10,264	137,672	98,337	7,214	5,765	111,316
	47,588	987	(7,446)	41,129	28,697	4,382	(2,804)	30,275
Income and mining taxes	(21,032)	(778)	3,483	(18,327)	(10,211)	(2,522)	1,189	(11,544)
	26,556	209	(3,963)	22,802	18,486	1,860	(1,615)	18,731
Equity in earnings of associated companies			14,638	14,638	220		9,420	9,640
Minority interest	(5,646)		22	(5,624)	(4,807)		(1,058)	(5,865)
Net earnings	20,910	209	10,697	31,816	13,899	1,860	6,747	22,506
WORKING CAPITAL (DEFICIENCY)	11,361	(3,847)	681	8,195	35,255	(5,214)	10,435	40,476
INVESTMENTS			87,002	87,002			40,478	40,478
PROPERTY, PLANT AND EQUIPMENT	288,765	43,917	1,989	334,671	188,985	25,493	1,533	216,011

Other: includes equity in earnings of associated companies and items unallocatable to mining or petroleum.

Fully diluted earnings per share are calculated on the weighted average number of shares that would have been outstanding during the year had the convertible debentures and the Series A Preferred shares been converted at the date of issue.

	1980 $	1979 $
Basic earnings per share		
Before extraordinary items	1.24	1.19
After extraordinary items	1.49	1.50
Fully diluted earnings per share		
Before extraordinary items	1.17	1.17
After extraordinary items	1.41	1.46

8. OTHER INFORMATION

(a) **Directors' and senior officers' remuneration**

Remuneration to the directors and senior officers amounted to $1,299,000 (1979 — $914,000).

(b) **Related party transactions**

(i) Under the terms of a long-term concentrate sales contract the company made sales amounting to $7,763,000 during the year to Metallgesellschaft AG, a company owning approximately 20% of Teck Corporation's issued shares. The contracts were negotiated on an arms length basis. Concentrates and settlements receivable include $1,099,000 due from Metallgesellschaft.

(ii) The company was charged interest of $313,000 by Copperfields Mining Corporation, a company owning approximately 20% of Teck Corporation's issued shares, on amounts borrowed from Copperfields during the year at prevailing market rates. No amount is due to Copperfields at the year end.

(c) **Pension plan**

The unfunded past service liability of the employees' pension plan at September 30, 1980 is approximately $258,000. This liability is being funded and charged to earnings over 14 years.

(d) **Segmented information**

The directors have determined the company's principal classes of business, as defined by the Canada Business Corporations Act, to be mining and petroleum. Financial information relating thereto is disclosed in the Consolidated Statement of Segmented Information.

COMPARATIVE FIGURES

	Year Ended September 30,				
	1980	1979	1978	1977	1976
	$	$	$	$	$
Balance Sheet ('000)					
Total assets	502,806	367,073	295,194	197,526	108,929
Long-term debt	178,587	104,120	135,907	81,397	34,349
Shareholders' equity	196,668	168,460	59,920	54,155	38,732
Working capital	8,195	40,476	29,848	3,497	3,429
Earnings and cash flow ('000)					
Petroleum revenue	15,695	11,596	10,630	8,589	6,971
Mining revenue	160,288	127,034	64,366	36,305	29,643
Petroleum operating profit	11,252	8,810	8,198	6,618	5,147
Mining operating profit	82,476	58,325	22,096	8,057	4,298
Exploration expense charged to earnings	10,562	4,616	3,580	1,946	1,246
Capitalized exploration and property acquisition	33,649	20,572	5,770	5,643	2,824
Funds provided from operations	61,316	39,784	14,699	8,224	6,069
Capital expenditures excluding investments	132,105	30,355	22,818	64,153	17,049
Investments	38,990	64,716	32,283	4,219	892
Earnings before extraordinary items	31,816	22,506	4,292	4,083	1,786
Extraordinary items	6,372	5,723	316	10,601	216
Net earnings	38,188	28,229	4,608	14,684	2,002
Per Share					
Cash flow	$1.91	$1.73	$0.85	$0.60	$0.45
Earnings before extraordinary items	$1.24	$1.19	$0.31	$0.29	$0.13
Net earnings	$1.49	$1.50	$0.33	$1.05	$0.15
Dividends	$0.15	$0.125	$0.105	$0.045	

DIRECTORS

Rt. Hon. D. Roland Michener; P.C., Q.C., Toronto; Counsel
*Hon. R.K. Andras; P.C., Vancouver; Executive
Sir Michael Butler; Bt, Q.C., Victoria; Barrister and Solicitor
*R.E. Hallbauer; B.A.Sc., P.Eng., Vancouver; Executive
G.L. Jennison; Toronto; Director, Canada Permanent Mortgage Corporation
*N.B. Keevil, Ph.D.; Vancouver; Executive
*N.B. Keevil, Jr; Ph.D.; Vancouver; Executive
J.D. Leishman; M.D., FRCS(c); Vancouver, Director, Mutual Life Assurance Company
K.G. Ratjen; Frankfurt; Chairman, Metallgesellschaft A.G.
I.F. Rushbrook; Edinburgh; Director, Ivory & Sime
H. Schimmelbusch; Wilmington, Del.; Executive Vice President, Metallgesellschaft Corp.
*D.A. Thompson, B.Sc. Econ.; Vancouver; Executive
A. von Kienlin; Frankfurt; Metallgesellschaft A.G.
J.H. Westell; Orillia; Consultant
*R.J. Wright; Q.C.; Toronto; Barrister and Solicitor

*Members of the Executive Committee

DIVISIONAL MANAGERS

Oil & Gas Division:	R.A. McIntosh, president
Teck Explorations Ltd:	J.L. May, president
Dighem Limited:	Dr. D.C. Fraser, president
Teck Research:	Dr. B. St. John, president
TDC Technology Development:	C.H. Rosner, president
Eastern Mining Operations:	K.I. Hymas, general manager
Lamaque Mine:	W.J. Shaver, mine manager
Silverfields Mine:	J.F. Ablett, mine manager
Beaverdell Mine:	B.E. Goetting, mine manager
Niobec Mine:	M.R Rodrigue, mine manager
Newfoundland Zinc Mine:	A. Mitchell, mine manager
Afton Mine:	M.P. Lipkewich, mine manager
Highmont Mine:	J.M. Anderson, mine manager

EXECUTIVE OFFICE

1199 West Hastings Street, Vancouver, British Columbia, V6E 2K5

(604)
687-1117

PETROLEUM DIVISION

910 Gulf Canada Square, 401 - 9th Avenue, SW, Calgary, Alberta, T2P 3C5

EASTERN DIVISION

P.O. Box 170, 1 First Canadian Place, Toronto, Ontario M5X 1G9

TRANSFER AGENTS

Guaranty Trust Company of Canada, Toronto, Montreal, Winnipeg & Vancouver
First National State Bank of New Jersey, Newark, New Jersey, U.S.A.

AUDITORS

Coopers & Lybrand, Vancouver, British Columbia

OFFICERS

Chairman of the Board	Rt. Hon. D. Roland Michener
President	Dr. Norman B. Keevil
Executive Vice President	Dr. Norman B. Keevil Jr.
Senior Vice President	Robert E. Hallbauer
Senior Vice President	Hon. Robert K. Andras
Vice President, Finance	David A. Thompson
Vice President, Engineering	Richard Drozd
Vice President, General Counsel	Robert J. Wright
Vice President, Administration	John A. Guminski
Secretary	Ronald F. Mossman
Assistant Secretary	Ronald W. Kram
Controller	John G. Taylor
Treasurer	Norman B. Rudden
Assistant to V.P., Finance	G. Robert Shipley

TECK CORPORATION

SHARE INFORMATION

Class A and Class B common shares are traded on the Toronto, Montreal and Vancouver Stock Exchanges. The closing market values on September 30, 1980 were $21.75 and $20.63 per share, respectively. For Canadian capital gains tax purposes, the Valuation Day values, adjusted for the stock dividend of Class B shares in March, 1980, were $4.75 and $2.08 a share, respectively.

As of September 30, 1980, there were 20,383,694 Class B common and 4,891,720 Class A common shares outstanding. The shares rank equally in all respects except for voting privileges, which are one and one hundred votes, respectively.

At the fiscal year end, the largest shareholders were Copperfields Mining Corporation, with 2,526,300 Class A and 2,493,500 Class B shares, and Metallgesellschaft Canada Ltd. with 1,001,500 Class A and 3,149,900 Class B shares. Metallgesellschaft also holds a convertible debenture and convertible preferred shares which, if converted, would give that company an additional 1,177,778 Class B shares.

COMPARATIVE HIGHLIGHTS

	1980	1979
	(thousands)	
OPERATIONS		
Revenue	$178,801	$141,591
Exploration	10,562	4,616
Ordinary Earnings	31,816	22,506
Net Earnings	38,188	28,229
FINANCIAL STATUS		
Working Capital	$ 8,195	$ 40,476
Additions: property, plant & equipment	132,105	30,355
Total Assets	502,806	367,073
Long Term Debt	178,587	104,120
Shareholders' Equity	196,668	168,460
PER COMMON SHARE		
Ordinary Earnings	$1.24	$1.19
Net Earnings	1.49	1.50
Dividends	.15	.125
STATISTICAL		
Number of Employees	1,706	1,471
Number of shareholders	17,795	12,014
Average common shares outstanding	25,273,914	18,748,818

THE COMPANY

Teck is a Canadian natural resources company, involved primarily in exploration for, development and production of minerals and petroleum products. It produces oil, natural gas, copper, molybdenum, zinc, niobium, gold and silver. Its headquarters are in Vancouver, with exploration offices in Calgary; Toronto; North Bay; Reno, Nevada; and Sydney, Australia, as well as at its producing mines.

PRINCIPAL HOLDINGS

OPERATING DIVISIONS & JOINT VENTURES	
Oil and Gas Division	(100%)
Lamaque Gold Mine	(100%)
Silverfields Silver Mine	(100%)
Beaverdell Silver Mine	(100%)
Highmont Copper Molybdenum Mine	(80%)
Newfoundland Zinc Mine	(63%)
Niobec Niobium Mine	(50%)
ASSOCIATED COMPANIES	
Afton Mines Limited	(73%)
Coseka Resources Limited	(23%)
Highland Crow Resources Ltd.	(39%)
Casino Silver Mines Ltd.	(38%)
Silver Standard Mines Limited	(34%)
INVESTMENTS	
Lornex Mining Corporation Ltd.	(21%)
Madeleine Mines Limited	(24%)
DEVELOPMENT PROSPECTS	
Bullmoose Coking Coal	(100%)
Burnt River Thermal Coal	(100%)
Schaft Creek Copper Molybdenum	(70%)[1]
Montcalm Nickel Copper	(35%)
RESEARCH & EXPLORATION	
Teck Research Inc.	(100%)
TDC Technology Development Corporation	(50%)
Teck Explorations Limited	(75%)
DIGHEM Ltd.	(64%)[2]
Intermagnetics General Corporation	(36%)[3]

Notes: (1) Silver Standard also holds a 30% carried interest in Schaft Creek
(2) Held through Teck Explorations Limited
(3) Through TDC Technology Development Corporation

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders will be held at 10:30 a.m., February 4, 1981 in the Alberta Room of the Royal York Hotel, Toronto.

PRINTED IN CANADA

Six Months Ended March 31, 1980

TECK CORPORATION

1199 West Hastings Street, Vancouver, British Columbia V6E 2K5

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Six Months Ended March 31, 1980
(Unaudited and subject to year-end adjustment)

	1980	1979
	in thousands	
	$	$
Source of working capital		
Funds generated for operations	27,849	11,211
Issue of shares		26,708
Proceeds from sale of investments	8,639	8,659
Long-term debt	86,596	5,521
Working capital on acquisition of direct interest in corporate joint venture		3,127
Dividends from associated company	3,096	344
Deferment of current income taxes		2,724
	126,180	58,294
Use of working capital		
Investments	32,862	28,906
Petroleum properties	6,843	4,276
Plant and equipment	62,559	1,191
Mineral properties and deferred costs	159	4,523
Long-term debt paid or currently maturing	28,980	23,506
Redemption of preferred shares	5,695	
Dividends	2,138	929
Other		1,184
	139,236	64,515
Decrease in working capital	13,056	6,221
Working capital — beginning of period	41,485	30,196
Working capital — end of period	28,429	23,975

Approved by the Directors

, Director

, Director

PRINTED IN CANADA